

3601 Vincennes Road, Indianapolis, Indiana 46268
Phone: 317.875.5250 | Fax: 317.879.8408

122 C Street N.W., Suite 540, Washington, D.C. 20001
Phone: 202.628.1558 | Fax: 202.628.1601

6280

**Statement of Paul Tetrault, Northeast State Affairs Manager
To the Insurance and Real Estate Committee
February 17, 2009**

HB-6280, "An Act Extending the Sunset Date for Personal Risk Insurance Rate Filings"

I am pleased to offer the views of the National Association of Mutual Insurance Companies in support of HB-6280, "An Act Extending the Sunset Date for Personal Risk Insurance Rate Filings." Founded in 1895, NAMIC is the nation's largest property and casualty insurance trade association with over 1,400 member companies that underwrite more than 40 percent (\$178 billion) of the property/casualty insurance premium written in the United States.

NAMIC strongly supports the enactment of rate modernization statutes and regulatory changes that allow insurers operating in a competitive market to adjust rates in response to changing market. NAMIC supported the adoption of Connecticut's personal lines flex-rating statute in 2006 and believes its sunset provision should be extended or eliminated.

Flex-rating laws promote competition among insurers because they provide confidence that an insurer can lower rates to attract more business but increase rates if necessary due to changing results and market conditions. They also allow for concentration of limited regulatory resources on important matters other than review of rate changes within the flex band range.

NAMIC supports rate modernization laws as a necessary element in creating a reformed system of state insurance regulation. Since passage of Connecticut's flex-rating statute in 2006, rate modernization laws have been enacted in Kansas, Georgia and New York, marking significant progress on this critical issue.

While strongly supporting HB-6280, NAMIC would urge this Committee to consider extending the sunset much further or eliminating it altogether. Flex-rating statutes promote competition by providing insurers with confidence regarding their ability to adjust rates in the future. Consequently, a flex-rating statute will be more effective in providing the benefits of competition if its provisions provide insurers with a sense of stability regarding its continuation.

Thank you for the opportunity to present NAMIC's views on this important subject. I would be happy to answer any questions.

Paul Tetrault, JD, ARM, AIM
Northeast State Affairs Manager
National Association of Mutual Insurance Companies
ptetrault@namic.org
(978) 969-1046